

WE CLAIM:

1. A computerized system for creating and pricing synthetic credit products
5 comprising:

(a) a Capacity Creation module for assessing the capacity of a defined financial market to absorb defined credit products at a minimum level of default risk;

10 (b) a Product Creation module for creating synthetic credit products on demand, including a Product Creation engine for creating credit products matched to the qualified reference entities based upon internal templates in accordance with the determined portfolio capacity of the Capacity Creation module; and

15 (c) a Pricing Creation module which tracks financial, pricing, and interest rate data available from external sources, and determines the pricing of the credit products created by the Product Creation module.

20 2. A system according to Claim 1, further comprising an online trading system for receiving the created and priced products from the Product Creation and Pricing Creation modules and offering said products for transactions to customers connected to the online trading system.

25 3. A system according to Claim 1, wherein said Pricing Creation module uses internal algorithms for a number of price/demand curves, including market-driven interpolated asset swap curves, market-driven interpolated credit swap curves, equity-driven credit curve benchmarking, industry-specific credit curve benchmarking, dynamic credit-sensitive interest swap curves, and minimum RAROC requirements.

4. A system according to Claim 1, for the creation, distribution, execution and management and control of credit risk transfer products online over the Internet and over various intranet systems.

5. A system according to Claim 1, for determining the creditworthiness and capital adequacy of entities that sell credit risk transfer products based on simulation of the expected loss of individual credit risk transfer products.

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6. A system according to Claim 1, for determining the creditworthiness and capital adequacy of entities that sell credit risk transfer products based on simulation of the expected loss of a portfolio of credit risk transfer products.

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7. A system according to Claim 1, for determining the creditworthiness and capital adequacy of entities that sell credit risk transfer products based on a static expected loss cash flow model for a portfolio of credit risk transfer products.

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8. A system according to Claim 1, for determining the expected loss on a senior tranche of the capital of an entity that sells credit risk transfer products based on a dynamic cash flow simulation model for a portfolio of credit risk transfer products.

9. A system according to Claim 1, for using reference entity filtering logic and database matching logic to create a portfolio of investment grade credit risk transfer products.

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10. A system according to Claim 1, for calculating capacity and updating availability by reference entity following transactions through feedback application of a portfolio constraints adjustment.

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11. A system according to Claim 1, for using credit default swaps to credit enhance commercial bank letters of credit.

12. A system according to Claim 1, for using credit default swaps to credit enhance financial guaranty insurance policies.

13. A system according to Claim 1, used to transform credit default swaps into financial guaranty policies and to transform financial guaranty policies into credit default swaps.

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14. A system according to Claim 1, for using credit default swaps in the structuring and pricing of credit-linked notes.

10 15. A system according to Claim 1, for using credit default swaps in the structuring and pricing of principal protected notes.

16. A system according to Claim 1, for using credit default swaps in the structuring and pricing of convertible bonds.

15 17. A system according to Claim 1, for using credit default swaps in the structuring and pricing of equity options.

18. A system according to Claim 1, for using credit default swaps in the structuring and pricing of collateralized debt obligations.

20 19. A system according to Claim 1, for using credit default swaps in the structuring and pricing of industry-specific credit indexes.

25 20. A system according to Claim 1, for using credit default swaps in the structuring and pricing of credit rating-specific credit indexes.

21. A system according to Claim 1, for using credit default swaps in the structuring and pricing of geography-specific credit indexes.

22. A system according to Claim 1, employing a dynamic interest rate swap curve used in the pricing of credit default swaps and other credit risk transfer products.

23. A system according to Claim 1, employing a dynamic asset swap term structure to credit swap term structure conversion process used in the pricing of credit default swaps and other credit risk transfer products.

24. A system according to Claim 1, used for the online creation and distribution of credit default swaps and other credit risk transfer products.

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25. A system according to Claim 1, used for the online negotiation of contracts documenting credit default swaps and other credit risk transfer products.

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26. A method of creating and pricing synthetic credit products performed on a computerized system comprising:

(a) assessing the capacity of a defined financial market to absorb defined credit products at a minimum level of default risk;

(b) creating synthetic credit products on demand, including creating credit products matched to qualified reference entities based upon internal templates in accordance with the determined portfolio capacity; and

(c) tracking financial, pricing, and interest rate data available from external sources, and determining the pricing of the created credit products consistent with the determined portfolio capacity.

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